




ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

March 31, 2015

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

19 March 31, 2015


PATRICK OZAWA
ACTING EXECUTIVE OFFICER

Dear Supervisors:

**APPROVAL OF AMENDMENT NO.7 TO LEASE NO. 55624 MARINA CITY CLUB (PARCEL 125R)
MARINA DEL REY
(FOURTH DISTRICT) (4 VOTES)**

SUBJECT

This Board letter requests approval of a Marina del Rey lease amendment for Parcel 125R (Marina City Club) that readjusts the percentage rents.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease Amendment No. 7 is categorically exempt under the California Environmental Quality Act pursuant to class 1(r) of the County's Environmental Document Reporting Procedures and Guidelines and Section 15301 of the State CEQA Guidelines.
2. Approve and instruct the Mayor to sign the attached Amendment No. 7 to Lease No. 55624 pertaining to the readjustment of Percentage Rents for Commercial Uses for the ten-year period ending July 29, 2023.
3. Authorize the Interim Chief Executive Officer to implement the readjustment of percentage rents for Commercial Uses. Amendment No. 7 will be effective upon approval by the Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Marina del Rey leases provide for the periodic review of leasehold rents to ensure that the percentage rents payable to the County are maintained at current fair market levels.

Amendment No. 7 requires an adjustment of Percentage Rents for Commercial Uses on July 30, 2013 (2013 Rental Adjustment Date) and every tenth anniversary thereafter. Percentage rents for Commercial Uses are adjusted to fair rental value effective as of July 30, 2013.

Amendment No. 7 increases percentage rents as follows: club dues and initiation fees from 6% to 15%; retail sales from 2% to 5%.

Finally, Amendment No. 7 provides for a reconciliation of the rent effective back to the 2013 Rental Adjustment Date and requires payment of any additional rent owed to the County as a result of the rent readjustment.

Implementation of Strategic Plan Goals

The recommended action will keep County percentage rents at Parcel 125R comparable to other Marina del Rey leaseholds, in fulfillment of the Strategic Plan Goal No. 1, "Operational Effectiveness/Fiscal Sustainability."

FISCAL IMPACT/FINANCING

Amendment No. 7 is projected to yield an additional \$7,286 per annum in Fiscal Year 2013-14 and an increase of \$72,860 over the ten-year period beginning July 30, 2013.

Operating Budget Impact

Upon your Board's approval of Amendment No. 7, the Department of Beaches and Harbors will receive \$7,286 in annual increases in leasehold rent revenue. The revenue increase was not budgeted in the Fiscal Year 2013-14 and 2014-15 Final Adopted Budget; therefore, the additional revenue will be accounted for as one-time over-realized revenue. The annual increase received from Fiscal Year 2015-16 through 2023-24 will be subsequently budgeted in the Department's Recommended Budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Commonly known as Marina City Club, Parcel 125R improvements consist of 101 corporate apartment units and 278 boat slips on the north side of Basin E in the Marina del Rey Small Craft Harbor. The property is also improved with three high-rise towers containing 600 condominium units, a promenade and certain common area facilities.

This proposed Amendment No. 7 has been approved as to form by County Counsel. At its meeting on March 11, 2015, the Small Craft Harbor Commission endorsed the Director's recommendation that your Board approve and execute the proposed Amendment.

ENVIRONMENTAL DOCUMENTATION

The proposed Amendment No. 7 is categorically exempt under the provisions of the California Environmental Quality Act pursuant to class 1(r) of the County's Environmental Document Reporting

Procedures and Guidelines and Section 15301 of the State CEQA Guidelines (Existing Facilities).

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact on current services from your Board's approval of Amendment No. 7.

CONCLUSION

Please have the Mayor sign all three copies of Amendment No. 7 and have the Executive Officer of the Board return two executed copies, as well as a copy of the adopted Board letter, to the Department of Beaches and Harbors.

Should you have any questions, please contact Linda Phan at (310) 301-0300 or lphan@bh.lacounty.gov.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "G. Jones", with a stylized, looping initial "G" and a horizontal line extending to the right.

GARY JONES
Director

GJ:BL:ST:JT:lp

Enclosures

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

AMENDMENT NO. 7 TO THE SECOND AMENDED AND RESTATED LEASE
(IMPROVED PARCEL) NO. 55624

PARCEL NO. 125R–MARINA DEL REY SMALL CRAFT HARBOR

THIS AMENDMENT NO. 7 TO THE SECOND AMENDED AND RESTATED LEASE (IMPROVED PARCEL) NO. 55624 PARCEL NO. 125R – MARINA DEL REY SMALL CRAFT HARBOR (this “Amendment”) is dated as of March 31, 2015 (the “Effective Date”).

BY AND BETWEEN

COUNTY OF LOS ANGELES,
Hereinafter referred to as "County",

AND

ESSEX MARINA CITY CLUB, L.P., a California limited partnership, as successor in interest to Marina City Club, L.P., a California limited partnership (f/k/a J.H. Snyder Company), hereinafter referred to as "Lessee."

WITNESSETH:

WHEREAS, County and Lessee’s predecessor in interest entered into Lease No. 55624 under the terms of which County leased to Lessee’s predecessor in interest that certain real property located in the Marina del Rey Small Craft Harbor, County of Los Angeles, State of California, now commonly known as Parcel 125R, which leasehold premises (the “Premises”) are more particularly and legally described in Exhibit “A” attached to and incorporated in said Lease, and amended (the Lease and all amendments are collectively hereafter referred to as the “Lease”); and

WHEREAS, Section 5.10 of said Lease provides that as of July 30, 1993, and as of July 30th of every tenth (10th) year thereafter, all categories of Percentage Rents of Commercial Uses shall be readjusted by Lessee and County in accordance with the standards established in said Section 5.10; and

WHEREAS, the parties hereto have reached agreement with respect to the Percentage Rents for Commercial Uses which are to apply for the ten (10) year period commencing on July 30, 2013 (the “2013 Rental Adjustment Date”); and

WHEREAS, agreement has now been reached on a rate of 15% for subsection 5.08.D(13) which is to apply for the ten (10) year period commencing on 2013 Rental Adjustment Date; and

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof, and the mutual agreements, covenants and restrictions contained herein, the parties agree as follows:

1. PERCENTAGE RENTS. Effective as of the 2013 Rental Adjustment Date, Section 5.08.D, subsection 21 is deleted in its entirety and replaced with the following:

“(21) FIVE PERCENT (5%) of Gross Receipts from the operation of all stores, shops or boutiques selling items at retail.”

2. For purposes of clarity, the following provision set forth in that certain Second Amendment to the Second Amended and Restated Lease (Improved Parcel) No. 55624 Parcel 125R – Marina del Rey dated August 1, 1992, Section 1.01, shall be deleted in its entirety, effective as of the 2013 Rental Adjustment Date:

“Club Dues and Initiation Fees. Notwithstanding subsection 5.08.D(13) of the Lease, or any other provision of the Lease that may be inconsistent with the percentage rent set forth in this paragraph of the Amendment, the Lessee shall pay percentage rent on the club’s dues and initiation fees at the rate of 6%.”

3. Subsection 5.08.D (13) as stated in the Second Amended and Restated Lease, provides for a percentage rent of 15% on club dues and initiation fees. The herein deletion of Amendment No. 2 Section 1.01 shall effectively increase said percentage rent to 15% from 6%.

4. RETROACTIVE RENT AND INTEREST. Lessee shall pay to County, within ten (10) days following the Effective Date, for the period between the 2013 Rental Adjustment Date and the actual date of payment (the “Retroactive Period”), the difference between (i) the actual rents paid by Lessee under the rental rates in effect prior to the effectiveness of this Amendment from the 2013 Rental Adjustment Date to the Effective Date, and (ii) the rents that should have been paid in accordance with the new rental rates as determined.

IN WITNESS WHEREOF, County has, by order of its Board of Supervisors, caused this Amendment No. 7 to Lease No. 55624 to be subscribed by the Chairman of said Board and attested by the Executive Officer thereof, and the Lessee or its duly authorized representative, has executed the same on the date first set forth above.

I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

PATRICK OGAWA
Acting Executive Officer
Clerk of the Board of Supervisors

By: [Signature]
Deputy



COUNTY OF LOS ANGELES

By: [Signature: Mike Antonovich]

Michael D. Antonovich
Mayor, Board of Supervisors

ATTEST:

Patrick Ogawa
Acting Executive Officer-Clerk of the
Board of Supervisors

By: [Signature]
Deputy

LESSEE:

ESSEX MARINA CITY CLUB, L.P.,
a California limited partnership

By: Essex MCC, LLC,
a Delaware limited liability company,
its general partner
By: Essex Portfolio, L.P.,
a California limited partnership
its sole member
By: Essex Portfolio Trust, Inc.,

a Maryland corporation
its general partner

By: [Signature]
Its: IVP

APPROVED AS TO FORM:

MARK J. SALADINO

County Counsel

By: [Signature]
Senior Deputy

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

19

MAR 31 2015

[Signature: Patrick Ogawa]
PATRICK OGAWA
ACTING EXECUTIVE OFFICER